

Message Text

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ACTION AF-04

INFO OCT-01 SS-14 ADP-00 EUR-10 NSC-10 NSCE-00 CIAE-00

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FM AMEMBASSY TRIPOLI

TO SECSTATE WASHDC PRIORITY 0432

INFO AMEMBASSY LONDON

C O N F I D E N T I A L TRIPOLI 1071

LIMDIS

E.O. 11652: GDS

TAGS: ENRG, LY

SUBJECT: OIL MAJORS' STRATEGY RE LIBYA: EFFECT ON EXPATRIATES

REF: STATE 163502

1. TO ANSWER QUESTION POSED REFTTEL, IF MAJORS ARE NATIONALIZED THE DECREE EFFECTING THIS WILL UNDOUBTEDLY INCLUDE PROVISION LIKE THAT IN ARTICLE 12 OF OXY NATIONALIZATION DECREE STATING THAT NO EMPLOYEES OF THE COMPANIES AFFECTED "MAY LEAVE HIS WORK OR REFRAIN THEREFROM UNLESS RELEASED BY A DECISION". OF THE NEW MANAGEMENT.

2. U.K. EMBASSY CONFIRMS OUR IMPRESSION THAT PRESENCE OF SIMILAR PROVISION IN LAW NATIONALIZING BP IN DECEMBER 1971 DID NOT IN FACT WORK ANY GREAT HARDSHIP ON BP'S EXPATRIATE EMPLOYEES. AFTER A WEEK OR TWO OF "ADMINISTRATIVE CONFUSION" ALL EXPATRIATES WHO WANTED TO LEAVE WERE ALLOWED TO DO SO. THEY WERE MORE OR LESS REPLACED BY LIBYANS COMPULSORILY DRAWN FROM OTHER COMPANIES PRODUCING IN LIBYA, AND LATER BY EXPATRIATES BROUGHT IN FROM ABROAD ON CONTRACT.

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3. PRESENT SITUATION DIFFERENT IN THAT THE SECTOR OF

INDUSTRY THAT MAY BE NATIONALIZED IS ABOUT SAME SIZE,
AND OF MORE COMPLEXITY, THAN THE SECTOR NOT
AFFECTED. THEREFORE ROBBING PETER TO REPLACE PAUL
WOULD NOT BE SO SATISFACTORY; IN FACT IT WOULD CREATE
SO MUCH HAVOC THAT THIS IS ONE OF MAJORS LAST REMAINING
CARDS. LARG'S SOLUTION THEREFORE MIGHT BE TO TAKE
THE MAJORS IN CHUNCKS, PROBABLY IN THIS ORDER OF
DIGESTIBILITY: SHELL, AMOSEAS, MOBIL, AND ESSO.
THIS WAY THE HAVOC WOULD BE MORE MANAGEABLE AND LARG
MIGHT ALSO HOPE THAT ONE OR TWO FORCED NATIONALIZATIONS
WOULD BREAK THE REMAINING MAJORS RESISTANCE TO VOLUNTARY
ACCEPTANCE OF MAJORITY CONTROL BY THE LARG.

4. DEPENDING THEREFORE ON HOW MANY EXPATRIATES MAY BE
AFFECTED BY NATIONALIZATION DECREES, WE WOULD EXPECT
SOME DIFFICULTIES IN EXPATRIATE EMPLOYEES LEAVING, BUT
NOT OF INDEFINITE DURATION. PROBABLY MOST COULD
LEAVE ALMOST AS SOON AS THEY WOULD BE ABLE TO DO SO,
BUT A FEW KEY PERSONNEL MIGHT BE HELD ADMINISTRATIVELY
UNTIL ACCOUNTING REVIEWS AND TAX PROBLEMS RESOLVED --
THIS IS LIKELY TO BE THE MAIN PROBLEM.

5. ABOVE REMARKS DO NOT APPLY TO DEPENDENTS OF
EXPATRIATE EMPLOYEES. BELIEVE ALL WOULD BE ALLOWED
TO DEPART WITHOUT HINDRANCE.

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